



FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35752]

Grafton & Upton Railroad Company—Petition for Declaratory Order

Grafton & Upton Railroad Company (G&U) filed a petition for a declaratory order on July 24, 2013, requesting a finding that 49 U.S.C. 10501(b) preempts certain state and local permitting and preclearance statutes and regulations that the Town of Grafton, Mass. (Grafton or the Town) seeks to enforce in connection with G&U's construction and operation of a liquefied petroleum gas (propane) transload facility on a five-acre parcel (the Parcel) that G&U owns in North Grafton. G&U states that it intends to use the facility to transfer propane received by tank car in North Grafton to storage tanks and then to trucks for delivery to propane dealers in New England. Pending the completion of the construction, G&U intends to use portable equipment to transload the propane. For the reasons discussed below, a declaratory order proceeding will be instituted and a procedural schedule will be adopted.

The Parcel is located immediately adjacent to G&U's line and existing rail yard.<sup>1</sup> In December 2012, G&U notified the Town that four propane storage tanks were about to be delivered to its rail yard. The Town responded by issuing a cease and desist order to halt construction and by filing a complaint in the Superior Court for Worcester County,

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<sup>1</sup> In a separate decision also served today, the Board issued a declaratory order holding that preclearance regulations and other requirements of the Town of Grafton, Mass., that would prohibit or unreasonably interfere with the construction and operation of an additional rail yard and storage tracks also on the Parcel are preempted by federal law. See Grafton & Upton Railroad—Pet. for Declaratory Order, FD 35779 (served Jan. 27, 2014).

Mass. (Court), arguing that construction of the transload facility would be illegal and would violate the Town's zoning bylaws. These actions ultimately resulted in the Court entering two orders on June 12, 2013, which: (1) enjoined the delivery of the storage tanks; (2) directed G&U to comply with the cease and desist order; (3) stayed the Court proceedings pending a determination by the Board concerning the applicability of 10501(b); and (4) referred the preemption issue to the Board, directing G&U to file a petition for declaratory order.

In the petition, G&U requests that the Board find that Grafton is preempted from enforcing state and local permitting and preclearance statutes and regulations in connection with both the construction and operation of the transload facility and the interim use of portable transload equipment. Grafton, in a reply filed on August 19, 2013, agrees that the Board should institute a declaratory order proceeding here. It questions whether G&U can and will finance, complete, and operate the transload facility on its own in view of certain agreements G&U had previously entered into with a number of propane companies. The Town argues that a full investigation should be conducted to prevent what it characterizes as an abuse of the preemption doctrine.<sup>2</sup> On September 9, 2013, G&U filed a motion for leave to supplement its petition and a supplement containing copies of the various agreements documenting the termination of its arrangements with these propane companies. Grafton filed a reply in opposition on September 17, 2013.

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<sup>2</sup> The American Short Line and Regional Railroad Association filed a letter in support of the petition on August 12, 2013. On August 23, 2013, the Massachusetts Department of Fire Services filed a reply in support of the petition, and the Massachusetts Department of Environmental Protection filed a reply in opposition, contending that the petition is moot as a result of a settlement it negotiated with G&U.

The Board has discretionary authority under 5 U.S.C. 554(e) and 49 U.S.C. 721 to issue a declaratory order to eliminate a controversy or remove uncertainty. Here, a controversy exists as to whether G&U would be the financier, owner, and operator of the proposed transload facility and whether the Town's enforcement of state and local permitting and preclearance statutes and regulations in connection with the facility is preempted under 10501(b). The Board will therefore institute a declaratory order proceeding and consider the matter under the modified procedure rules at 49 C.F.R. pt. 1112.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. A declaratory order proceeding is instituted.
2. G&U is directed to submit additional information and argument by February 28, 2014. Grafton's reply and comments from other interested persons are due by March 20, 2014.
3. This decision is effective on its service date.

Decided: January 24, 2014.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.

Derrick A. Gardner

Clearance Clerk

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